

EXECUTIVE SUMMARY SHEET
CITY OF SAN DIEGO

DATE ISSUED: January 20, 2012
ATTENTION: Natural Resources & Culture Committee
Agenda of February 1, 2012
ORIGINATING DEPARTMENT: Public Utilities
SUBJECT: Award the North City Cogeneration Facility Expansion Site
Development Design-Build Contract
COUNCIL DISTRICT(S): 1
STAFF CONTACT: Tom Alsbaugh, (858) 654-4493, MS901A

REQUESTED ACTION:

Authorize the Mayor or his designee to award the North City Cogeneration Facility Expansion Site Development Design-Build Contract to the lowest evaluated bidder, J.R. Filanc Construction Company, Inc.

STAFF RECOMMENDATION:

Adopt the Resolutions.

EXECUTIVE SUMMARY:

On December 4, 1995, the City Council approved a 20-year contract with NEO San Diego LLC (NEO) to install landfill gas (LFG) collection systems in the City's Miramar North, West Phase I and West Phase II Landfills and to operate the Miramar LFG collection systems at no cost to the City.

On February 25, 1997, the City Council approved a contract and land lease with MM San Diego LLC, to install a 3.8 MW landfill gas fueled power plant, North City Cogeneration Facility (NCCF), as a private facility at the North City Water Reclamation Plant (NCWRP). These contracts have provided the NCWRP with electricity at a discount and the City with free electricity on most of the Miramar Landfill. NEO San Diego LLC and MM San Diego LLC are owned by Fortistar Methane Group (Fortistar).

On July 6, 2011, the City Council approved an eight-year extension to these contracts allowing NEO to install additional LFG wells to provide fuel to a privatized 3.2 MW renewable power plant for the Marine Corp Air Station Miramar and a 1.6 MW City-owned renewable power plant at NCWRP.

NEO will sell LFG to the Public Utilities Department at a favorable rate and cooperate with the Public Utilities Department's plans to build a 1.6 MW expansion adjacent to the MM San Diego owned NCCF. This City-owned power plant will generate renewable energy to power the NCWRP and will generate revenue and cost savings of approximately \$360,000/year.

On December 6, 2011, the City Council approved the purchase of a 1.6 MW packaged LFG engine generator for this North City Cogeneration Facility Expansion. The City issued a Request for Qualifications to the contractors on the As-Needed Design-Build Services 2009-2011 Short List and selected J.R. Filanc Construction Company, Inc., using the lowest evaluated bid selection process.

They will perform all of the site development work and will place the engine generator equipment on concrete pads. The engine generator equipment supplier will complete the installation of their equipment and the design-builder will complete the installation of all power plant auxiliary equipment and all utilities.

In order to receive the preferred gas pricing and allow Fortistar to obtain financing for the gas wells, which they will be installing on the West Phase II Landfill, the City agreed to a firm startup date to begin receiving landfill gas. This date, anticipated to be October 1, 2012, is six months after Fortistar is scheduled to begin operation of their 3.2 MW power plant for MCAS Miramar.

EQUAL OPPORTUNITY CONTRACTING:

This contract is subject to the City's Equal Opportunity Contracting (San Diego Ordinance No. 18173, Section 22.2701 through 22.2708) and Non-Discrimination in Contracting Ordinance (San Diego Municipal Code Sections 22.3501 through 22.3517).

FISCAL CONSIDERATIONS:

The total cost of this project is \$4,150,900 of which \$2,200,000 was previously authorized (R-307173) and \$1,950,900 in additional funds is needed for the award of the design-build contract and engineering cost. Funding is available from the FY 2012 CIP budget number A-BO.00001 (B-11139) North City Cogeneration Facility Expansion. The project's cost may be reimbursed with current or future financing, which may include bond proceeds and/or State Revolving Fund loans.

PREVIOUS COUNCIL/COMMITTEE ACTION:

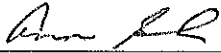
The purchase of a 1.6 MW landfill gas fueled engine generator for this renewable energy power plant was approved by Council on December 6, 2011. The landfill gas purchase for this power plant was approved by Council on July 6, 2011 when the City Developed North City Expansion Project Landfill Gas Purchase and Sale Agreement with NEO San Diego, LLC was approved with the Amendments and Modifications to the Miramar Landfill Gas Power Plant Projects Agreements.

COMMUNITY PARTICIPATION AND PUBLIC OUTREACH EFFORTS:

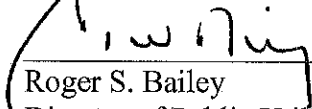
This project was presented to the University Community Planning Group on September 13, 2011; Metro Technical Advisory Committee on October 19, 2011; the Independent Rates Oversight Committee (IROC) on October 17, 2011; and the Metro Commission on November 3, 2011. This action will be presented to the Metro Technical Advisory Committee on January 18, 2012.

KEY STAKEHOLDERS:

The Metropolitan Wastewater System regional ratepayers will benefit from energy cost savings and additional revenues of approximately \$360,000/year.



Ann Sasaki
Assistant Public Utilities Director



Roger S. Bailey
Director of Public Utilities